

Message Text

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ACTION EUR-12

INFO OCT-01 IO-13 ISO-00 AGRE-00 CIAE-00 DODE-00 PM-04
H-02 INR-07 L-03 NSAE-00 NSC-05 PA-02 PRS-01
SP-02 SS-15 USIA-15 AID-05 COME-00 EB-07 FRB-01
TRSE-00 XMB-04 OPIC-06 LAB-04 EPG-02 SIL-01
OMB-01 STR-04 CEA-01 /118 W
-----251708Z 041192 /42

R 251639Z MAY 77
FM AMEMBASSY LONDON
TO SECSTATE WASHDC 4334
INFO AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY COPENHAGEN
AMEMBASSY DUBLIN
AMEMBASSY THE HAGUE
AMEMBASSY LUXEMBOURG
AMEMBASSY PARIS
AMEMBASSY ROME
USMISSION EC BRUSSELS
USMISSION OECD PARIS
USMISSION GENEVA
USDEL MTN GENEVA

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PASS AGRICULTURE

E.O. 11652: N/A
TAGS: EAGR UK
SUBJECT: UK TO SUSPEND NATIONAL PIQ SUBSIDY

BEGIN SUMMARY: UK AGRICULTURE MINISTER SILKIN ANNOUNCED
MAY 24 THAT PIG SUBSIDY WILL END SOON IN ORDER TO COMPLY
WITH EUROPEAN COURT RULING. UK HAS, HOWEVER, APPLIED TO
COMMISSION FOR ASSISTANCE IN SOME FORM FOR BRITISH PIG
INDUSTRY. END SUMMARY.
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1. AT PRESS CONFERENCE IN LONDON, MAY 24, FOLLOWING
INFORMAL MEETING EC FARM MINISTERS WITH COMMISSIONER
GUNDELACH, UK AGRICULTURE MINISTER SILKIN ANNOUNCED UK
WILL END ITS SPECIAL PIG SUBSIDY SOME TIME BEFORE NEXT
MEETING OF EC FARM MINISTERS, JUNE 20-21. ANNOUNCEMENT
FOLLOWS EUROPEAN COURT RULING LAST WEEK ON LEGALITY OF

SUBSIDY.

2. SILKIN, HOWEVER, SAID THAT UK HAS APPLIED TO COMMISSION FOR SOME FORM OF HELP AND GUNDELACH STATED HE WILL RETURN TO BRUSSELS TO DISCUSS WITHIN COMMISSION BRITISH REQUEST AS A MATTER OF SOME URGENCY. GUNDELACH ACKNOWLEDGED UK PIG PRODUCERS ARE BEING HIT BY PRESENT CIRCUMSTANCES BUT HE IS NOT WHOLLY CONVINCED BY SOME OF THE MORE ALARMIST POINTS BEING PUT OUT BY BRITISH FARMERS AND MEAT PROCESSORS.

3. ALSO ON MAY 24, SILKIN'S DEPUTY, EDWARD BISHOP, MINISTER OF STATE FOR AGRICULTURE, SAID IN REPLY TO PRIVATE NOTICE QUESTION PUT BY JOHN PEYTON. OPPOSITION AGRICULTURE SPOKESMAN, THAT SILKIN PROPOSES TO MAKE STATEMENT TO COMMONS ON THE ENDING OF THE SUBSIDY AND ON FUTURE MEASURES TO HELP BRITISH PIG FARMERS BEFORE COMMONS JUBILEE HOLIDAY RECESS BEGINS FRIDAY, JUNE 3. PEYTON URGED THAT GUNDELACH BE ASKED TO TAKE ACTION UNDER ARTICLE 135 OF ACCESSION TREATY WHICH ALLOWS UK TO SEEK AUTHORISATION FOR SPECIAL MEASURES WHEN DIFFICULTIES ARISE LIKELY TO BRING ABOUT SERIOUS DETERIORATION IN THE ECONOMIC SITUATION OF A GIVEN AREA. THIS ARTICLE APPLIES ONLY TO END OF TRANSITION AND ANY MEASURE TAKEN UNDER IT WOULD PRESUMABLY EXPIRE AUTOMATICALLY DECEMBER 31 NEXT. BISHOP TOLD COMMONS THAT GOVERNMENT IS ANXIOUS TO DO UTMOST TO HELP THE INDUSTRY AND DENIED INACTIVITY RECENTLY POINTING TO 8 PERCENT CHANGE IN MCA'S MADE AT END OF 1976 AND 2.9 PERCENT GREEN POUND CHANGE AGREED

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APRIL 26.

COMMENT:
WITHOUT ANY FURTHER HELP FOR BRITISH PIG INDUSTRY IT

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TRSE-00 XMB-04 OPIC-06 LAB-04 EPG-02 SIL-01
OMB-01 STR-04 CEA-01 /118 W
-----251707Z 041264 /42

R 251639Z MAY 77
FM AMEMBASSY LONDON
TO SECSTATE WASHDC 4335
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SEEMS LIKELY THAT UK PIG SECTOR WILL GO INTO A QUICK
DECLINE IN COMING MONTHS. RECENT MEAT AND LIVESTOCK
COMMISSION FIGURES SHOW PIG FARMERS ARE INCURRING AN
AVERAGE 4 POUNDS PER ANIMAL LOSS BECAUSE OF HIGH FEED
COSTS AND MCA'S. CONSUMER RESISTANCE IS ALSO HITTING
PIGMEAT SALES AND KEEPING PRICES BELOW UK COSTS OF
PRODUCTION. MARCH SAMPLE CENSUS LIVESTOCK NUMBERS FOR
ENGLAND AND WALES SHOWS GILTS IN PIG WERE 12 PERCENT
DOWN FROM DECEMBER 1976 AND 19 PERCENT BELOW MARCH 1976.
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HEAVY SLAUGHTERINGS OF SOWS AND BOARS SO FAR THIS YEAR
ARE ANOTHER SYMPTOM OF CONTRACTION IN PIG INDUSTRY. IN
PERIOD JANUARY 1 - MAY 7, 1977 SOW AND BOAR SLAUGHTER
(PRINCIPALLY SOWS) TOTALLED 151,000 AS COMPARED WITH
111,000 SAME PERIOD 1976. SLAUGHTER OF OTHER PIGS SAME
PERIODS AMOUNTED TO 4.84 MILLION AND 4.25 MILLION
RESPECTIVELY. MEANWHILE, MARKET PRICES PIGMEAT ARE UP
ONLY SLIGHTLY FROM A YEAR AGO. BRITISH BACON WHOLESALE
MAY 19 WAS 9.55 POUNDS PER TON AS COMPARED WITH 9.20
POUNDS SAME TIME LAST YEAR WHILE WHOLESALE FRESH PORK
RANGED SAME DATE 30.0-38.0 PENCE PER LB. AS COMPARED WITH
26.0-38.0 PENCE A YEAR EARLIER. OVER THE SAME PERIOD,

PRICE OF FEED BARLEY HAS GONE UP FROM A YEAR AGO BY
A LITTLE OVER 20 PERCENT, SOYBEAN MEAL BY 67 PERCENT AND
FISH MEAL BY 63 PERCENT.

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Disposition Approved on Date:
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